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Schools. Spending Limits on Administration.

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Schools. Spending Limits on Administration. Initiative Statute.

Official Title and Summary Prepared by the Attorney General

SCHOOLS. SPENDING LIMITS ON ADMINISTRATION. INITIATIVE STATUTE.

- Prohibits school districts from spending more than five percent of funds from all sources for costs of general administration, instructional resources supervision, and supervision of instruction, beginning fiscal year 1999–2000.
- Requires State Board of Education to fine districts failing to comply.
- Requires districts to publish percentage of funds expended on administrative costs annually, report expenditure information to State Board of Education, and undertake performance audits and fiscal efficiency reviews every five years.
- Requires districts to develop systems which indicate the intended contribution of each projected expenditure to the achievement of specific performance objectives.

Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact:

- This measure would require school districts to reduce administrative costs (as defined by the measure) by up to \$700 million. To comply with this requirement, districts could more accurately account for administrative costs, move operations from central locations to school sites, and reduce administrative spending.
- The measure also would result in costs of around \$10 million annually for performance based budgeting, and around \$20 million every five years for auditing requirements.

Analysis by the Legislative Analyst

Background

California's 994 public school districts receive funds from federal, state, and local sources to provide kindergarten through twelfth grade (K–12) education. In the 1996–97 fiscal year, K–12 public schools spent about \$34 billion from all sources.

Each year, school districts provide information on how they spend their funds to the State Department of Education—including amounts spent on administrative costs. In general, districts determine what portion of their funds will be spent on administration.

Proposal

The proposition has two main provisions. First, it limits the amount each school district can spend on administrative costs. Second, it establishes new performance budgeting requirements.

Limit on Administrative Costs. The proposition requires each school district, beginning in 1999–00, to limit certain administrative costs to 5 percent of all funds received. These funds include all federal, state, and local support. The remaining funds, which would be at least 95 percent of the total, must be spent on “direct services.” The proposition defines these terms as follows:

• **Administrative Costs.** Activities involving central school district management—such as general district administration and central data collection.

• **Direct Services.** Services that directly serve students, school site employees, and school facilities—such as salaries of classroom teachers.

Some expenses are easy to classify according to the proposition's definitions. For example, the salaries of classroom teachers would always be considered a direct service, and school board and superintendent expenses would be considered administrative costs.

Other expenses are harder to classify. For instance, printing and duplication expenses would be considered an administrative cost if a *district* duplicates or prints materials for a school site at a central location. However, if the same materials were duplicated or printed at a *school* site, the expense would be considered a direct service.

Performance Budgeting. This measure also requires each school district, beginning in 1998–99, to link its annual budget to specific outcome objectives related to improving student performance. The measure does not detail how this performance budgeting would

work in school districts. Districts would be required to obtain an independent evaluation of the impact of performance budgeting every five years beginning in 2004-05.

Penalty for Noncompliance. Any school district that fails to comply with the administrative expenditure limit or performance budgeting requirements would be fined by the State Board of Education. Based on the provisions in the measure, the penalty would be about \$175 per student.

Fiscal Effect

Based on available information and current reporting practices, school districts spend an average of 7.3 percent on administrative costs. This is about \$700 million more than permitted under the proposition. About 95 percent of school districts have administrative costs exceeding 5 percent.

These districts would have three basic options to come into compliance with the 5 percent cap, and thus avoid any penalties:

- **More Accurately Account for Administrative Costs.** Districts would want to ensure they were accurately accounting for administrative costs. For instance, a district might now be accounting for an administrator's time *entirely* within central administration even if the person spends time providing direct services at schools. If this proposition passes, the district would probably more precisely track the time employees work on direct service and administrative tasks.
- **Move Operations to Schools.** In addition, districts above the 5 percent cap could consider moving central office duties to the school sites. For example, districts could move centralized facilities

management or printing to the schools. Generally speaking, this option would not change the *tasks* that a district currently performs, but it would change how and where those tasks are done.

- **Reduce Spending on Administration.** Districts still over the cap would have to make real reductions in spending on administration. Since administration consists primarily of personnel costs, districts would have to eliminate and/or combine positions. Districts would spend any savings on direct services at schools.

Given the size of the penalty for being over the 5 percent cap, we think it is unlikely that many districts would exceed the limit. This is especially true after a year or two, after districts had sufficient time to adjust to the cap. However, districts that are unable to meet the 5 percent cap would pay a penalty of approximately \$175 per student, presumably from the instructional portion of their budget. Any penalty funds collected would be redistributed to schools by the Legislature as part of the annual budget process.

Performance Budgeting. We estimate costs of around \$10 million annually for the implementation of performance budgeting. The actual cost of the yearly performance budgeting requirements would depend on how school districts address these provisions. In addition, we estimate costs of around \$20 million every five years for school districts to obtain the independent performance audits required by the measure. Generally speaking, all of these new costs would have to be accommodated within the 5 percent portion of the new expenditure cap. This means that school districts would have to provide funds for these new requirements by eliminating or reducing some other activities within the 5 percent portion.

For the text of Proposition 223 see page 68



Schools. Spending Limits on Administration. Initiative Statute.

Argument in Favor of Proposition 223

95/5 PUTS THE MONEY WHERE THE KIDS ARE!

It's time to take control of wasteful spending by California school districts. Our tax dollars should be spent at the school sites where our children are educated, not on administrators at central offices. While the national average for administration is 4.8%, California school districts are spending twice that with a few spending as much as 20%! 95/5 will require that 95% of our school expenditures are spent on direct services to children. According to the California Legislative Analyst Office, 95/5 will shift at least a half a billion dollars a year back to our schools *without a tax increase*.

We need smaller class sizes, more teachers, updated textbooks, computers, after-school programs, an end to social promotions as well as cleaner and safer schools. We don't need more bureaucrats downtown who never see our children. Of course 95/5 doesn't cut essential school site personnel such as principals, nurses, teachers, bus drivers, custodians, secretaries, or any employee who directly serve our students. In fact, classrooms, computers, textbooks and school supplies are all part of the 95%. Remember, your child is our priority and 95% of all expenditures must benefit him or her.

95/5 increases the control of local communities by allocating more resources to our local schools. School boards will still decide, with local input, how to spend the 95%. School Site administration is vitally important to a well run school and is part of the 95%. Non-school site administration is also important, but school districts across our nation have proven that it can be efficiently accomplished on 5% of expenditures. When it comes to allocating the limited education budget, direct services to

our children and providing clean and safe schools must be the highest priority.

And while shifting \$500,000,000 plus a year to our schools to reduce class size, buy computers, books, and other needed supplies, is a huge accomplishment, the real and lasting benefit of 95/5 will be the guarantee to our citizens that 95% of all current and future education funds will be spent where all of us want it spent—at the local school site! And with this important guarantee that our children will be the priority of all school spending, the voters will now have the confidence to continue to make the necessary investment in our schools that is desperately needed to educate California's school children for the 21st century.

We have heard the voters call to cut the bureaucracy and make the children the priority of our education spending and 95/5 does exactly that.

Join Congressman Howard Berman, Assemblyman Bill Leonard, Congresswoman Loretta Sanchez, Actor Ralph Waite, Congressman Brad Sherman, San Diego Mayor Susan Golding, Chairman Big Brothers Greater L.A. Steve Soboroff, Principal Dr. Yvonne Chan, State Senators Betty Karnette, Ray Haynes and Teresa Hughes, Randy Hoffman, Mayor Stuart Siegel, Inglewood Councilman Jerome Horton, Assembly Chief of Staff Joey Hill and Businessman Claude Parrish in voting "YES" on Prop. 223 TO PUT THE MONEY WHERE THE KIDS ARE!

LOS ANGELES MAYOR RICHARD RIORDAN
UNITED STATES SENATOR DIANNE FEINSTEIN
TYRONE VAHEDI
Senior Staff, State Board of Equalization, 4th District

Rebuttal to Argument in Favor of Proposition 223

SHIFTING MONEY FROM LOCAL DISTRICTS TO L.A. UNIFIED IS NOT THE ANSWER

We understand why downtown Los Angeles leaders want more money for downtown LA schools, but we don't agree that those dollars should be taken away from the hundreds of other local school districts that this initiative targets for massive cuts.

Their arguments would be more credible if Proposition 223's \$200-per-child penalties and fines also punished downtown Los Angeles schools. Unfortunately, they won't.

The proponents make phony comparisons between California and other states. For example, under Proposition 223, the mechanic who fixes the brakes on the school bus is counted as an "administrator." Proposition 223 uses misleading statistics to hoodwink California voters, and insure that most local school districts cannot comply, no matter how hard they try.

That's why the California Taxpayers' Association opposes this measure, because it is a flawed approach to reducing administrative overhead and would unfairly penalize small school districts in favor of large districts.

The downtown teachers' union is attempting to feather its nest at the expense of everyone else, and that's simply not fair to the overwhelming majority of California's schoolchildren.

Read the fine print. Proposition 223 hurts our children and hurts our schools. Join with the PTA, local principals and schoolteachers in voting NO ON PROPOSITION 223.

JAMES A. LIVINGSTON
President, California Association of Suburban School Districts
ALVIN G. SANDRINI
President, Small School Districts' Association
RHODA COLEMAN
California Teacher of the Year, 1995

Schools. Spending Limits on Administration. Initiative Statute.



Argument Against Proposition 223

WHY SHOULD DOWNTOWN LA UNIFIED GET ALL THE MONEY?

Proposition 223 does *not* help our school children, it *hurts* them.

This initiative is a sham, designed to redirect money *away* from local school districts, and into the coffers of the huge, downtown Los Angeles School District.

That's why the California PTA, California teachers associations, and school principals all strongly urge your "NO" vote.

Proposition 223 permanently locks a 95/5 formula into law for every local school district in the state. Most school districts lack the economy-of-scale to meet this formula. This means neighborhood schools would be penalized up to \$200 per child. That's \$4,000 per classroom; an educational disaster.

No money will be saved, because the State of California is required to redistribute every dollar taken away from local districts. Much of the money from penalized local districts would flow *from those districts failing to meet the 95/5 formula* to the one California district certain to meet the formula: *The Los Angeles Unified School District (LAUSD)*.

This should come as no surprise, since the initiative was actually written and heavily financed by a single LAUSD Labor Union.

Even smaller Los Angeles districts directly bordering LAUSD will have to watch helplessly as millions of local school dollars get "redirected" downtown by this shameful measure. *Every year!*

One fact is indisputable. Were this initiative law today, over 90% of California's local school districts would be paying fines averaging nearly \$200 per child.

And Proposition 223 allows for *no* exceptions, not even a natural disaster. Local districts would still be penalized up to \$200 per child if their budgets went above the initiative limits due to a flood, fire, or earthquake.

The League of Women Voters, California parents, teachers and educators are strongly opposed to this deceptive charade.

Consult a teacher or school principal in your own local community. They'll tell you the truth. Proposition 223 is bad for our kids and will hurt our local neighborhood schools. Vote NO ON PROPOSITION 223.

ROSALINE TURNBULL

President, California State PTA

STEPHEN C. BOCK

California Teacher of the Year, 1997

RUSTY HEROD

President, California School Employees Association

Rebuttal to Argument Against Proposition 223

THEY STILL DON'T GET IT! WHO'S FOR KIDS, WHO'S JUST KIDDING?

The opponents of Proposition 223 have resorted to name-calling, deception and distortion.

Why? To protect their vested interests in maintaining the status quo at the expense of our children.

Proposition 223 will ensure that our tax dollars are spent where the kids are, not on bloated bureaucrats downtown.

Let's separate fact from fiction.

Myth: Proposition 223 will direct resources away from smaller school districts toward Los Angeles schools.

Fact: Under Proposition 223, the Los Angeles Unified School District will have to redirect money from central offices to direct services for kids. So will many other large school districts across the state. Despite what administrators say, the national average for central administration spending is 4.8%. California schools are spending twice that amount!

Myth: "California teachers associations" oppose Proposition 223.

Fact: Proposition 223 is supported by thousands of teachers and school principals throughout the state, including organizations in San Diego, Los Angeles, Fresno, San Jose, suburban Sacramento, and in other areas.

Myth: Proposition 223 will penalize school districts during natural disasters.

Fact: Proposition 223 will only penalize bureaucrats who refuse to make a good faith effort to trim the fat in their central administration budgets. The State Board of Education may grant waivers to school districts which cannot meet the 5% goal because of natural disasters.

Join us in voting for what our children deserve; smaller class sizes, updated textbooks, computers, after-school programs, and safer schools.

VOTE "YES" ON PROPOSITION 223!

CONGRESSMAN HOWARD BERMAN

STEVEN SOBOROFF

Chairman, Big Brothers of Greater Los Angeles

Text of Proposed Laws—Continued

shall suffer death, confinement in the state prison for life without the possibility of parole, or confinement in the state prison for a term of 25 years to life. The penalty to be applied shall be determined as provided in Sections 190.1, 190.2, 190.3, 190.4, and 190.5.

Except as provided in subdivision (b) or (e), (c), or (d), every person guilty of murder in the second degree shall suffer confinement in the state prison for a term of 15 years to life.

Except as provided in subdivision (b), Article 2.5 (commencing with Section 2930) of Chapter 7 of Title 1 of Part 3 shall apply to reduce any minimum term of 15, 20, or 25 years in the state prison imposed pursuant to this section, but the person shall not otherwise be released on parole prior to that time.

(b) Except as provided in subdivision (c), every person guilty of murder in the second degree shall suffer confinement in the state prison for a term of 25 years to life if the victim was a peace officer, as defined in subdivision (a) of Section 830.1, subdivision (a) or (b) of Section 830.2, or Section 830.5, who was killed while engaged in the performance of his or her duties, and the defendant knew, or reasonably should have known, that the victim was such a peace officer engaged in the performance of his or her duties.

(b) (c) Every person guilty of murder in the second degree shall suffer confinement in the state prison for a term of 25 years to life without the possibility of parole if the victim was a peace officer, as defined in subdivision (a) of Section 830.1, subdivision (a) or (b) of Section 830.2, or Section 830.5, who was killed while engaged in the performance of his or her duties, and the defendant knew, or reasonably should have known, that the victim was such a peace officer engaged in the performance of his or her duties, and any of the following facts

has been charged and found true:

(1) The defendant specifically intended to kill the peace officer.

(2) The defendant specifically intended to inflict great bodily injury, as defined in Section 12022.7, on a peace officer.

(3) The defendant personally used a dangerous or deadly weapon in the commission of the offense, in violation of subdivision (b) of Section 12022.

(4) The defendant personally used a firearm in the commission of the offense, in violation of Section 12022.5.

Article 2.5 (commencing with Section 2930) of Chapter 7 of Title 1 of Part 3 shall not apply to reduce any minimum term of 25 years in the state prison when the person is guilty of murder in the second degree and the victim was a peace officer, as defined in this subdivision, and the person shall not be released prior to serving 25 years confinement.

(e) (d) Every person guilty of murder in the second degree shall suffer confinement in the state prison for a term of 20 years to life if the killing was perpetrated by means of shooting a firearm from a motor vehicle, intentionally at another person outside of the vehicle with the intent to inflict great bodily injury.

(e) Article 2.5 (commencing with Section 2930) of Chapter 7 of Title 1 of Part 3 shall does not apply to reduce any minimum term of 20 years in the state prison when the person is guilty of murder in the second degree and is subject to this subdivision, but the person shall not otherwise be released on parole prior to that time: a sentence imposed pursuant to this section. A person sentenced pursuant to this section may not be released on parole prior to serving the minimum term of confinement prescribed by this section.

Proposition 223: Text of Proposed Law

This initiative measure is submitted to the people in accordance with the provisions of Article II, Section 8 of the Constitution.

This initiative measure adds sections to the Education Code; therefore, new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED LAW

EDUCATIONAL EFFICIENCY INITIATIVE

SECTION 1. Part 26.2 (commencing with Section 46650) is added to the Education Code, to read:

PART 26.2. EDUCATIONAL EFFICIENCY INITIATIVE

CHAPTER 1. DESIGNATION

46650. This act shall be known as the California Educational Efficiency Act.

CHAPTER 2. PURPOSE

46651. It is the intent of this initiative to require that no less than ninety-five cents (\$0.95) of each dollar appropriated for elementary and secondary public education be contributed in an accountable manner to the academic value of the actual in-school educational experience of pupils so that ninety-five cents (\$0.95) of each dollar is spent on direct services to pupils, schoolsite employees, and school facilities. It is the further intent of this initiative to do all of the following:

(a) To reduce the cost of non-school administration in public schools.

(b) To mandate that existing state educational funds be efficiently spent to educate our children.

(c) To allow increased school effectiveness without additional taxes.

(d) To allow a decrease in student/teacher ratio without additional taxes.

(e) To guarantee that any additional new funding for public education will go to schools and classrooms first.

(f) To increase the accountability of the school districts to the citizens of California.

(g) To sanction school districts that fail to be efficient.

(h) To give the community greater decisionmaking authority over their schools.

CHAPTER 3. DEFINITIONS

46652. (a) The term "categorical program" means all those programs set forth in the Education Code that provide funding for special programs, including, but not limited to, programs established for technical schools, youth and adult offenders, adult education, science achievement, environmental education, healthy start program, parenting education, pregnant minors, summer school for the arts, early primary education, academic partnership, school libraries, Native American education, child nutrition allowances, school integration, year-round schools, staff development, new careers, mentor teacher, ethics and civic values, readers for blind teachers, international studies, bilingual office employees, counseling, opportunity schools and classes, nutrition, breakfast and lunch programs, learning disabilities, educational improvement. "Categorical program" shall also include categorical programs receiving federal funds, including, but not limited to, special education programs (Part 30 (commencing with Section 56000) of the Education Code).

(b) "Direct services to pupils" means professional services rendered directly to pupils by certificated or licensed personnel, including, but not limited to, teachers, supervisory personnel, nurses, physicians, psychologists, counselors, audiologists, audiometrists, librarians, and other support services personnel, or all instances where pupils are the direct beneficiaries of immediate and unbrokered services provided to them, such as transportation, cafeteria services, safety and security personnel protection services, and the services of a school supervisor or principal.

(c) "Direct services to schoolsite employees" means immediate and unbrokered services to schoolsite employees, such as actual training or professional development sessions or classes, police services, school-assigned personnel providing management functions and support to the school supervisor or principal, and the services of the school supervisor or principal.

(d) "Direct services to school facilities" means the labor and material costs of the actual physical cleaning, maintenance, and improvement of school facilities exclusive of any central district

handling, administration, or overhead costs, and services of the school-assigned plant manager, if any.

(e) "General administration" means those activities involving the governing board of a school district; activities relating to the executive responsibility of the school district; activities associated with central data processing, central support, activities associated with fiscal services, and other general administrative services. For purposes of the definition of general administration, the following terms have the following meanings:

(1) "Board" means the activities of the elected body that has been created under the applicable provisions of law and that has responsibility for the educational activities over which the elected body has jurisdiction. These activities may include, but are not limited to, supervision over services of the board, services related to the election of members of the board, services related to property tax assessment and collection, and services related to employee relations and negotiations.

(2) "Central data processing" includes, but is not limited to, in-house services provided from a mainframe computer or minicomputer as well as the costs of centralized services provided by another agency. Central data processing does not include smaller specialized units such as microcomputers or personal computers.

(3) "Central support" means activities relating to paying, transporting, exchanging, and maintaining goods and services for the school district. These activities include, but are not limited to, planning, research development and evaluation services; the provision of public information; purchasing; warehousing and distribution; and printing, publishing, and duplicating. For purposes of the definition of central support, the following terms have the following meanings:

(A) "Development services" include, but are not limited to, activities relating to the deliberate evolving process of improving educational programs, such as activities using the products of research.

(B) "Evaluation services" include, but are not limited to, activities relating to ascertaining or judging the value or amount of an action or an outcome through the careful appraisal of previously specified data in light of the particular situation and the goals previously established.

(C) "Planning services" include, but are not limited to, activities relating to the selection or identification of the overall, long-range goals and priorities of the school district and the formulation of various courses of action needed to achieve those goals through the identification of needs and relative costs and benefits of each course of action.

(D) "Printing, publishing, and duplicating" means activities relating to the printing and publishing of administrative publications, such as annual reports, school directories, and manuals. These activities also include centralized services for duplicating school materials and instruments, such as school bulletins, newsletters, and notices.

(E) "Public information" means activities relating to the writing, editing, and other preparation necessary to disseminate educational and administrative information to the public through various news media or through personal contact.

(F) "Purchasing" means activities relating to the purchasing of supplies, furniture, equipment, and materials used in schools or a school district.

(G) "Research services" include, but are not limited to, activities relating to the systematic study and investigation of the various aspects of education undertaken to establish facts and principles.

(H) "Warehousing and distribution" means the receipt, storage, and distribution of supplies, furniture, equipment, materials, and mail.

(4) "Executive" means the activities relating to the executive responsibility of a school district, including, but not limited to, services pertaining to the office of the county superintendent of schools, to community relations, and to state and federal relations.

(5) "Fiscal services" means activities relating to the fiscal operations of a school district. Fiscal operations include, but are not limited to, budgeting, receiving and disbursing funds,

financial and property accounting, payroll, inventory control, internal auditing, and managing funds. For purposes of the definition of fiscal services, the following terms have the following meaning:

(A) "Budgeting" means activities relating to the supervision of budget planning, formulating, control, and analysis.

(B) "Financial accounting" means activities relating to the maintenance of records of the financial operations and transactions of the school district, including, but not limited to, accounting and interpreting financial transactions and account records.

(C) "Internal auditing" means activities relating to the verification of account records, including the evaluation of the adequacy of the internal control system, such as verification and safeguarding.

(D) "Payroll" means activities relating to the periodic payment of individuals entitled to remuneration for services rendered to a school district.

(E) "Property accounting" means activities relating to the preparation and maintenance of current inventory records of land, buildings, and equipment owned or leased by a school district as used for equipment control and facilities planning.

(F) "Receiving and disbursing funds" means activities relating to taking in and paying out money, including, but not limited to, the current audit of receipts, the preaudit of requisitions or purchase orders to determine whether the amounts are within the budgetary allowance and to determine that the disbursements are lawful expenditures of a school or a school district, and the management of school funds.

(6) "Personnel" means activities relating to the maintenance of an efficient staff for schools under the jurisdiction of a school district.

(7) "Other general administrative services" means other general administrative services of a school district not defined in this section.

(f) "Instructional resources supervision" means overall management and maintenance of the resources to instruct pupils and activities and materials used by pupils to enhance learning.

(g) "Supervision of instruction" means activities undertaken primarily to assist instructional staff in planning, developing, and evaluating the process of providing learning experience for pupils. These activities include curriculum development, instructional research, instructional staff development, instructional supervision, and the organizing and coordinating of training of staff in techniques for instruction, child development and understanding. For purposes of the definition of supervision of instruction, the following terms have the following meanings:

(1) "Curriculum development" means activities that aid teachers in developing the curriculum, preparing and utilizing special curriculum materials, and understanding and appreciating the various techniques that stimulate and motivate pupils.

(2) "Instructional research" means activities associated with assessing programs and instruction based on research.

(3) "Instructional staff development" means activities that contribute to the professional or occupational growth and competence of members of the instructional staff during the time of their service to a school or school district. These activities include the coordination of services which guide teachers in the use of instructional materials, administering sabbaticals, and providing the environment for in-service training.

(4) "Instructional supervision" means activities associated with directing, managing, and supervising instruction services.

CHAPTER 4. ALLOCATION AND EXPENDITURE OF SCHOOL FUNDS

46653. For the 1999-2000 fiscal year and each fiscal year thereafter, each school district shall allocate and expend not more than 5 percent of the total aggregate amount of all funds received from state, federal, and local sources, including, but not limited to, all state and federal funds received for categorical programs, for administrative costs. Administrative costs means the sum of expenditures under the following categories as defined in this part:

Text of Proposed Laws—Continued

- (1) General administration.
- (2) Instructional resources supervision.
- (3) Supervision of instruction.

CHAPTER 5. FISCAL ADMINISTRATION

46654. Notwithstanding any other provision of law, for the 1998-99 fiscal year and each fiscal year thereafter, each school district shall develop as part of its budget a system that indicates the intended contribution of each projected expenditure to the achievement of a specific performance outcome objective pursuant to the school district's effort to improve pupil achievement.

46655. For the 2004-05 fiscal year and every five fiscal years thereafter, the governing board of each school district shall contract to have an independent general organizational management audit which shall include a performance audit and fiscal efficiency review undertaken to determine the degree to which the school district has complied with this part, including the effect upon pupil achievement of the expenditures of the school district.

CHAPTER 6. REPORTING REQUIREMENTS

46656. (a) For the 1996-97 fiscal year and each fiscal year thereafter through the 1999-2000 fiscal year, each school district shall report to the State Board of Education the total expenditures under the following reporting categories as defined by the State Department of Education:

(1) District administration as reported in column 3 of Form J380 (EDP Nos. 400 and 401) as that form existed on June 30, 1994 or any equivalent successor to this reporting category or any subsequent form(s) which report the same class of expenditures.

(2) Instructional administration as reported in column 3 of Form J380 (EDP No. 375) as that form existed on June 30, 1994 or any equivalent successor to this reporting category or any subsequent form(s) which report the same class of expenditures.

(3) Special projects administration and direct support costs as reported in column 3 of Form J380 (EDP No. 398) as that form existed on June 30, 1994 or any equivalent successor to this reporting category or any subsequent form(s) which report the same class of expenditures.

(4) Centralized data processing as reported in column 3 of Form J380 (EDP No. 402) as that form existed on June 30, 1994 or any equivalent successor to this reporting category or any subsequent form(s) which report the same class of expenditures.

(5) Maintenance and operations administration (EDP No. 408/6) as that form existed on June 30, 1994 or any equivalent successor to this reporting category or any subsequent form(s) which report the same class of expenditures.

(b) For the 1996-97 fiscal year and each fiscal year thereafter through the 1999-2000 fiscal year, each school district shall compute the percentage of funds expended in each fiscal year for the categories set forth in subdivision (a) to the total aggregate expenditures of all funds received from state, federal, and local sources, including, but not limited to, all state and federal funds received for categorical programs. Each school district annually

shall publish the percentage calculated under this subdivision in a form that is easily understood by the general public and shall make the publication readily available to the general public.

(c) For purposes of this section and notwithstanding Section 46652 or any other provision of law, a school district may use the standardized account code structure published by the State Department of Education pursuant to Chapter 237 of the Statutes of 1993.

(d) For the 2000-01 fiscal year and each fiscal year thereafter, each school district shall compute the sum of expenditures under general administration, supervision of instruction, and instructional resources supervision as defined in Section 46652 as a percentage of the total aggregate expenditures of all funds received from state, federal and local sources, including, but not limited to, all state and federal funds received for categorical programs. Each school district annually shall publish the percentage calculated under this subdivision in a form that is easily understood by the general public and shall make the publication readily available to the general public.

CHAPTER 7. SANCTIONS

46657. Any school district that fails to comply with this part shall be subject to sanctions as described in this chapter. The State Board of Education shall fine each school district 25 dollars per unit of ADA, or five percent of basic per-ADA revenue limit times total ADA, whichever is the greater, computed on the ADA basis of the fiscal year preceding the finding of noncompliance. There shall be public notice of violations at a regular governing board meeting.

GENERAL PROVISIONS

SEC. 2. IMPLEMENTATION

The provisions of this initiative shall be implemented as quickly as possible. Agencies of the state are prohibited from taking any action which delays implementation of this initiative or of any provision thereof. Any delay in implementation shall not invalidate this initiative or any provision thereof. The Legislature may amend this act only to further its purpose by a bill passed by a vote of two-thirds of the Legislature and signed by the Governor.

SEC. 3. LIMITATION OF ACTIONS

Any action or proceeding contesting the validity of this initiative, any provision of this initiative or the adoption of this initiative shall be commenced within six months of the date of the election at which this initiative is approved; otherwise this initiative and all of its provisions shall be held valid, legal and uncontestable. However, this limitation shall not of itself preclude an action or proceeding to challenge the application of this initiative or any of its provisions to a particular person or circumstance.

SEC. 4. SEVERABILITY

If any provision of this initiative or the application thereof to any person or circumstance is held invalid, the remaining provisions and their applications shall remain in force. To this end, the provisions of this initiative are severable.

Proposition 224: Text of Proposed Law

This initiative measure is submitted to the people in accordance with the provisions of Article II, Section 8 of the Constitution.

This initiative measure expressly amends the Constitution by adding a section thereto; therefore, new provisions proposed to be added are printed in *italic type* to indicate that they are new.

PROPOSED AMENDMENT TO ARTICLE VII

SECTION 1. TITLE

This measure shall be known and may be cited as the Government Cost Savings and Taxpayer Protection Amendment.

SECTION 2. PURPOSE AND INTENT

It is the intent of the People of the State of California in enacting this measure that engineering, architectural, and similar services provided by the State and certain other entities

be furnished at the lowest cost to taxpayers, consistent with quality, health, safety, and the public interest; that contracts for such services be awarded through a competitive bidding process, free of undue political influence; and that contractors be held fully responsible for the performance of their contracts.

SECTION 3. REQUIREMENTS FOR CONTRACTS FOR ENGINEERING, ARCHITECTURAL, AND SIMILAR SERVICES

Section 12 is added to Article VII of the Constitution, to read:

SEC. 12. (a) This section shall apply to contracts for engineering, architectural, landscape architectural, surveying, environmental, or engineering geology services awarded by the State of California or by any state agency to any public or private entity. As used in this section, "state agency" means every state office, officer, agency, department, division, bureau, board, and commission but does not include the University of